LABOUR MONTHLY

1s.

EDITOR · R PALME DUTT

Six Months of Decision R.P.D.

Production Gavin Martin

Bi-Zonal Germany Ivor Montagu

The Attack on U.S. Labour James Klugmann

World Imperialism Today Edvard Kardelj

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The Editor of LABOUR MONTHLY will be very glad to receive contributions in the form of finished articles or of suggestions and data for articles. The customary proviso must be made that no responsibility is undertaken for manuscripts sent to him nor can he promise to enter into any correspondence regarding contributions not accepted.

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Notes of the Month

Six Months of Decision

SIX months of decision have opened. Between the Moscow Conference of April and the London Conference of November steps have to be taken which will determine the future of Three-Power co-operation, the settlement of Germany and Europe, and the safeguarding of peace against the offensive of those who are seeking to overturn the results of the war and prepare a new war. The Moscow Conference registered disagreement of the Powers on the major issues of Germany and the peace. But it did not register the breakdown and rupture which the offensive of reaction had planned and which the Truman Declaration had been designed to precipitate (Dulles, Republican Adviser to the United States delegation, proposed immediate break-up of the Conference, following the Truman Declaration). The firm, unperturbed and conciliatory stand of the Soviet Union in the face of unexampled provocation and bellicose threats averted disaster and saved the situation. All the unresolved issues were remitted for six months to a fresh conference. Precious time was thereby gained for world democracy to exert its influence in order that wiser counsels should prevail. But the time is short.

Whither Bevin?

In his report on the Moscow Conference to Parliament Bevin declared that, if agreement were not reached at the London Conference in November,

"No one can prophesy the course the world will take. I regard that conference as probably the most vital in the world's history."

Yet in the rest of his speech he showed no glimmering of a positive policy to resolve the deadlock and restore Three-Power co-operation. He remained the faint and lifeless echo of His Master's Voice, the Wall Street millionaires, without hope or perspective. He showed no realisation of the bankruptcy of his own policy which had been revealed at Moscow, as it is being revealed in Western Germany, at Geneva, in Egypt, in Palestine or at New York. He showed no realisation how critical the present situation is for Britain or for Britain's economic recovery. The first faint signs of a return to sanity after Moscow, the new attitude to Poland, the ratification of the Anglo-Polish Trade Treaty, which will bring coal and food to Britain, the more positive attitude to the British-Soviet trade negotiations, these encouraging and fruitful signs of a possible and practical alternative were not followed up in his speech by any basic review or re-orientation of policy. That change has still to come.

Upper and Nether Millstones

Yet no country has a more vital concern and need for the restoration of Three-Power co-operation than Britain. The Soviet people can stand firm, while the frenzy rages through the capitalist world, can face the consequent harsher conditions of reconstruction—they have faced worse - and win through. The United States, gorged with war profits, intoxicated with dreams of world empire, can still indulge in a thousand

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megalomaniac adventures, financial bullying and military interventions, and not yet awhile pay the price save in the sufferings of other peoples. But for Britain there is no margin, no reserve. Britain has to pay, is paying, for every error of policy with crippled reconstruction. Britain, tied to United States imperialism in an unequal partnership, is ground between the upper and nether millstones of the dollar dictators and democracy. Britain, tied to the Washington atomaniacs, has as much hope for the future as a tin can tied to the tail of a mad dog. Britain becomes the despised tool of one camp, while it loses the friendship of the other. Britain pays in man-power and economic hardship, while the United States draws the profits. The more Britain sinks, the more the American moneylender turns the screw. Yet Britain had never such an opportunity as today to change the course, and thereby to save, not only itself, but the world. The present anti-national policy, dictated by financial monopolist interests which have become the agents of a foreign Power, will have to be changed, as the policy of Munich had finally to be changed. But it is better that the change should come sooner rather than later, before the price in ruin and catastrophe becomes too heavy for recovery. These six months of decision are Britain's supreme hour of opportunity.

On Which Side?

It is necessary to face the hard realities of the present new world situation and cease to live in a daydream of an imaginary middle course which only conceals subjection to American domination and Western imperialism behind a smokescreen of self-deluding phrases about "Western ideals" and the "social democratic alternative." Britain is not above the battle. Britain is not immune from the same choice which every country has to face. That choice is not a three-cornered choice between elaborate ideological formulas, labelled Communism, Social Democracy and Capitalism. It is a plain choice between democracy (any kind of democracy) and the monopolist offensive to destroy democracy; between national independence or subjection; between peace or war. After the Truman Declaration and the Moscow Conference deadlock that choice has become inescapable.

Mad Dogs' Chorus

The offensive of the enemies of democracy and of the protagonists of a third world war is in the open. The mad dogs of reaction are baying for blood. Their howl screams across every column of the American press, in the cacophony of their Congress proceedings or their witch-hunting committees; its echoes can be heard in the Tory contributions to the foreign policy debate. They demand an immediate end of Three-Power co-operation. They demand that the Western Powers shall go ahead on their own independently of the Soviet Union. They demand the partition of Germany and the establishment of Western Germany as an Anglo-American colony. They demand the partition of Europe (in the name of Hitler's slogan of "United Europe"!). They are exerting their pressure, financial, economic and diplomatic, fifth column penetration, subsidies and underground intrigues, to shift every Government in Europe and outside Europe to the Right, and to undermine democracy. Behind the folds of their banners all the vermin and remnants of fascism, the

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Nazis, the Chetniks, the Vichy-ites, the Zaibatsu, the dispossessed feudalists and exiled princelings and unemployed S.S. men, are fostered and protected and subsidised, and await with tongues hanging out for the hope of future booty.

Truman Doctrine in France

The Truman Doctrine has gone far beyond Greece and Turkey—those models of "democracy" according to the Western ideals of Park Lane and Fifth Avenue. France is now placed on the operating table. In France the Cabinet Ministers of the premier party chosen by the electorate have been forced out of the Government—not by the will of the electorate, who chose the Communist Party as the first party meriting their confidence before all others, but by outside American pressure and the dangling of financial loans. £62,500,000 has been paid over as a first instalment in reward for this subservience, with a promise of more to come if Bidault and Blum prove sufficiently docile: if not, De Gaulle is being prepared in the background as the American Franco for the destruction of parliamentary democracy in France. It is not surprising that Wallace wrote in the "New Republic" after his visit to Paris:

"I was welcomed in France in 1947 as a liberal American. If the present trends continue it may be that no American will be welcome in Europe in two years."

From Italy to Brazil

In Italy the same game is being played, with the resignation of De Gasperi in the attempt to force out the Communist Ministers, immediately after the electorate had shown an enormous swing of support to the Communist Party in the Sicilian elections. Because the Italian Socialists, wiser than the French Socialists, would not accept the rupture of working class unity and Anglo-American orders for a split with the Communists, American money was poured out to pay for a split in the Italian Socialist Party and is now financing the secessionist so-called "Socialist Party" of Saragat, whose only tenet is anti-Communism. In Brazil, American pressure through General Dutro has secured a declaration of illegality of the Communist Party on the eve of the elections, and in the face of a popular support which within two years of legalisation had placed the Communist Party in control of the capital of Brazil.

Democracy a l'Americaine

Are there any innocents who still believe that the issue is an abstract ideological conflict between two "conceptions of democracy"—"Western democracy" or parliamentary democracy or "social democracy," on the one hand, and "eastern democracy" or soviet democracy or the advanced institutions of the new People's Republics in Europe, on the other? Then let the example of France undeceive them. No one can pretend that the present French constitution does not fulfil all the canons of parliamentary democracy—certainly much more completely than the very mixed, anomalous and tricky constitutions of Britain and the United States. No one can pretend that the recent parliamentary elections in France have not been completely "free elections"—beyond the capacity for even a "Manchester Guardian" leader-writer to insinuate a sneer or a British Embassy report to indicate scepticism. Yet the French people of their own free choice decided to place the Communist Party first. If

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only there could have been found a single Soviet soldier in some corner of France, everything could have been explained; it would of course have been a "terror vote" under "the pressure of Soviet troops," as every popular vote in the countries of Eastern Europe has been so easily explained by the wiseacres. Unfortunately for this theory, in the recently fascist countries like Austria and Hungary, occupied by Soviet troops, the Communists have come out lower in the elections; while in a democratic country like France, without any Soviet troops or other convenient explanations ready to hand, the notoriously backward, primitive, illiterate and uncultured French people have chosen the Communists first. This might have been thought embarrassing to the grand theorists of "democracy" versus "communism." Not at all. The State Department has its answer ready: If French parliamentary democracy chooses a communist majority, wipe out the majority, and, if necessary, wipe out the parliamentary democracy.

Cat Out of Bag

Is this an exaggeration? Then study carefully the following dispatch from Washington, in which an experienced correspondent, Stuart Gelder, reports "on high authority" the present policy of the State Department:

"America is preparing plans to stop the growth of Communism as part of a worldwide policy of resisting it wherever it has prospects of gaining control of Governments . . .

"I am informed on high authority that the State Department policy is that 'it is in the interests of America to see the establishment of an independent democratic moderate Government in France.'

"It is expected that very substantial aid will have to be given during the next two years.

"This decision means that **even if the French people decided to elect a Communist majority under the present French constitution, the American State Department would not regard this as democratic government, nor France as an independent country.**" ("News-Chronicle, 10.5.47).

Read this last sentence again, and then again, in order to understand correctly the Truman Doctrine and the American theory of "Western democracy." No nonsense here about the will of the people or the sanctity of free elections or the rights of a constitutionally elected parliamentary majority. American Big Business goes straight to the point. If you don't like them, kick them out, and damn the constitution and damn democracy. And if it happens in some other country that the people's choice doesn't suit you, go right in and kick them out, and damn all theories about the sovereignty and independence of nations. Once upon a time this theory used to be called fascism. Now of course it would be most improper to use such an impolite name, which is today only reserved for anti-fascists and Reds. Let us accordingly always be polite and call it the Truman Doctrine or "democracy a l'Americaine," for which the people of this country and America in accordance with the Anglo-American Arms Agreement are to be ready to shoulder arms (or, should we say, atom bombs?) in the sacred cause of the crusade against tyranny.

The Acheson Programme

In a recent important pronouncement at Cleveland on May 8, the current American policy was defined by the Under-Secretary of State, Dean Acheson, who has subsequently just resigned his office, because, as he has lucidly explained, he could make more money elsewhere. The

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explanation might seem a little odd in some countries, but is of course in accordance with American free institutions. The world would be slightly startled to learn that Mr. Vishinsky had deserted his post in order to pursue a more lucrative profession as a lawyer, or that Mr. Molotov had abandoned the cares of state because he had discovered that the emoluments of an author would be higher. But in America it causes no surprise because it is well understood that in the higher ethical Western conception, so firmly wedded to the crusade against the menace of materialism, the one aim in life, the one measure of morality and the one standard of achievement is to make money. Accordingly Mr. Acheson explained with pardonable complacency how successfully America had made money, especially out of the recent war, and had reached a record national income of £52,000 million in the midst of a devastated and impoverished world, and an industrial output equal to all the rest of the world put together. But this very disparity now gives rise to a new problem in the path of the American moneymakers, how to make more money, since the rest of the world is too poor to buy American goods on an adequate scale, however much it may want them, while America has no interest in buying goods from the rest of the world on a large enough scale. It is to this problem that Mr. Acheson turned his powerful intellect as a last contribution in the public service of the American moneymakers as a whole, before departing to exercise his talents in other fields more directly connected with his own moneymaking.

Loans—For What?

Mr. Acheson estimated that in 1947 American exports of goods and services would amount to £4,000 million, or four times pre-war, and imports to £2,000 million. Hence an awkard gap, which the exhausted gold reserves and selling abilities of the other impoverished countries would be quite incapable of covering. In fact, as he said, " not a bright picture." As an enlightened and far-sighted representative, he recognised that if American business men are to sell their goods to the other impoverished countries, they must first lend the money to the other countries to enable them to buy their goods. A little might be done by raising imports, though against the resistance of American business. But he recognised that in the main the gap must be covered by American grants and loans and credits. So far is common ground. President Roosevelt had long ago recognised this, and on this basis built up his whole conception for the post-war period, that the liquidation of Lend-Lease should be followed by large-scale American lending to the impoverished war-devastated countries to enable them rapidly to build up their productive equipment and thus establish a strong foundation for international economic and political co-operation. But Roosevelt is two years dead, and all his associates and colleagues have been driven from their posts. A very different set have taken over, for whom the philanthropic savour around the Roosevelt "New Deal" conceptions, inherited by Wallace, is anathema. Hence, even while they are compelled to recognise the necessity of large-scale American lending to bridge the gap, they seek to find a way to link this to their reactionary political programme in place of the progressive democratic programme of Roosevelt. This is the problem for which the Acheson Programme seeks to offer a solution.

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Heil Germany and Japan!

The Acheson Programme proposes that America should pour out grants and loans and credits on the largest scale—but on selective political grounds. In this way the loans could become an instrument to promote the new American Empire promulgated by "Life" and the prophets of the American Century. The primary direction of the loans would not be the democratic allied countries who had bled and suffered and spent their wealth to defeat fascism. The primary direction would be to build up—Germany and Japan! He spoke of

"two of the greatest workshops of Europe and Asia—Germany and Japan—upon whose production Europe and Asia were to an important degree dependent before the war. . . We must push ahead with the reconstruction of those two great workshops of Europe and Asia—Germany and Japan—upon which the ultimate recovery of the two continents so largely depends."

The conception is clear. "Before the war," as he delicately says, i.e., in the period of Hitler-Germany and Japan of Tojo and Co., Nazi Germany in accordance with the Hitler-Schacht programme of Pan-Europe extended its economic domination over Europe, and Japan in accordance with its "Greater Asia Co-Prosperity Sphere" programme extended its economic domination over Eastern Asia. Unfortunately the war interrupted this admirable development. The peoples of Europe and Asia fought to end their servitude and build their independent existence and development. Now all this must be changed. The old order must be restored, but this time under American financial control. German economic power must be restored over Europe, and Germany must be made American Big Business' branch agent for Europe, just as Japan must be made American Big Business' branch agent for Asia.

Dollar Diplomacy

Once this simple and lucid programme is understood, the proceedings of Marshall at Moscow and MacArthur at Tokio will be much more easily comprehended, as also why this programme met with obstacles at Moscow when the Soviet Union stood up for all the free peoples of Europe. The subsequent proceedings in Western Germany (invasion of American big business representatives to link up or resume the links with the German monopolies for a vast trade expansion, and ruthless squeezing of the British zone by withholding of food imports to compel British capitulation to American terms for a fusion run from the American centre at Frankfurt) fit into the picture, along with the deals in relation to the other European countries. In grants and loans to countries other than Germany and Japan, Acheson explained, "top priority" must be given to countries "fighting totalitarianism," e.g., Greece and Turkey. The hierarchy is clear. First come the fascist countries, Germany and Japan, who must receive the main American support so as to dominate economically Europe and Asia respectively. Then come the near-fascist countries, like monarchist-quisling Greece and Von Papen's beloved Turkey. He gives no further examples by name; but the continuation of the sequence is easy to fill in. France and Italy stand a chance of support, provided they clear out the Communists and follow De Gaulle or the Qualunquists or the Vatican. The chances of countries like Jugoslavia or Poland or Bulgaria or Czechoslovakia are somewhat slender under this dispensation. Britain will continue to receive support, provided Bevin obeys the crack of the whip and the

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Labour Government continues to act as " the bulwark against European Communism " in the phrase of the United States Chamber of Commerce report approving the loan. It is all a very simple and clear and logical programme, except that it forgets one detail too small to be visible to a magnate of Mr. Dean Acheson's eminence. It forgets the peoples who fought fascism.

Where Stands Britain?

And Britain? On which side are we? Can we really be satisfied to be the junior partner of the new American Empire, the third chosen Gauleiter of Wall Street alongside Germany and Japan, in return for a stinted supply of charity rations? Or are we heart and soul with the free peoples of Europe and the world, with the peoples who fought for freedom and are determined not to lose it (including also the common people of America who four times returned Roosevelt and rejected the Deweys and the Dulles every time, as long as the choice was permitted to them)? Can anyone doubt the answer of the British people, whatever picture our rulers may give of us at this moment? Bevin represents Britain today exactly as much and as little as Chamberlain represented Britain at Munich. Today also the awakening to our own danger is spreading, as the financial noose is drawn tighter.

" Britain's Turn Next "?

Can we really afford the illusion that we are immune from this conflict and above the battle, able from Olympian heights of detachment in the clouds, like the old Liberal Party, to lecture both sides impartially in the dazzling light of our golden mediocrity? Are France and Italy so remote from us that the dollar assault on their democratic institutions can only elicit from us the time-worn incantation " It can't happen here." If we think that, we are indeed in the clouds; for it is happening here. Who doubts that does not need to be invited to ask for the unpublished text of the Anglo-American Arms Agreement or to study the plain record of votes of Britain and the United States on every issue at every international conference from Paris and New York to Moscow; he need only study the published terms of the Financial Agreement to learn how far national sovereignty is already impaired so that we are shackled at every turn from taking the most obvious steps required to tackle our economic problems. It may hurt our national pride; but Britain is already currently listed in the language of international diplomacy as an American satellite; and in the famous " Life " map Britain is already included in the American Empire. When the Truman Doctrine turned on Greece and Turkey, the American press proclaimed " France and Italy Next." Now when the fire is turned on France and Italy, the same voices are proclaiming " Britain's Turn Next." That decision rests with us.

Another Turn of the Screw

On July 15, sterling for current transactions has to be made convertible with dollars, according to the terms of the Financial Agreement. Whatever the dispute as to the extent of the burden, everyone understands that this will increase Britain's difficulties in respect of dollars and the balance of payments. At the same time British Treasury officials in Ottawa are painting " the blackest possible picture

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of an approaching dollar crisis for the whole world" (Toronto "Financial Post"). £437 million has already been spent in less than a year from the American Loan of £937 million, which was originally estimated to last five years. This has not gone for reconstruction. When Dalton introduced the Loan Agreement in December, 1945, he said that a "considerable part" of the dollar credit "should be spent on capital goods essential to re-equipping our industry." In fact only 5 per cent. of all dollar expenditure has gone for machinery, and the obstruction has not come only from the American side. Three-quarters of the deficit on the balance of payments is due to Government overseas expenditure, mainly military. There are rumours, counter-rumours and denials of negotiations for a new loan, on unknown terms. When Bevin was winding up the debate for the first Loan Agreement, he said:

"I do not know anybody who ever came away from a moneylender's office and calculated the repayment who ever felt comfortable."

Mr. Bevin can probably now assure us that it is nothing like the feeling when the money has all gone down the drain and you have to go back to the same moneylender to plead inability of payment and ask for another loan.

Sterling Debts

Yet at the same time the restrictive conditions of the Loan Agreement are strangling essential measures for economic recovery and trade development, while the resources made available serve to finance the extravagances of Bevinism. No wonder the United States press applauds the policy which is landing us in this mess, while shedding a suitable sentimental tear over "poor noble Britain." We cannot take sensible measures like Sweden to prohibit dollar luxury imports. We cannot make special economic arrangements with the Dominions or empire countries or European countries for mutually beneficial planned economic and trading relations, because that would be "discrimination" against the almighty dollar. Dalton roars like a bull against the sterling creditors, principally India and Egypt, whose peoples were thoroughly drained and despoiled during the war, and is immediately applauded by Churchill and the United States Secretary of the Treasury. Why? Because this supposed fighting attitude on behalf of Britain really means clearing the ground for dollar penetration of these countries, while arousing intense hostility in India and Egypt and thus hindering the development of mutually beneficial economic relations of Britain with India and Egypt.

A Worm Can Turn

At Geneva Britain is committed to support the American proposals for an "International Trade Organisation" which in the name of "freedom of trade" and "multilateral trading" and "non-discrimination" in reality means removing all obstacles to the domination of the economically stronger United States and placing obstacles in the way of state planning and state trading arrangements. The U.S. Under-Secretary for Economic Affairs, William Clayton, made perfectly clear the American aims at Geneva:

"Since the end of the war the trend in many countries is toward more extensive controls of trade by Government agencies and more actual participation in trading arrangements by Governments.

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" This is not the sort of climate in which our type of foreign trade, carried on by private business men, can expand and prosper.

" Let me make it perfectly clear right at the start that one of the primary objectives in our post-war trade programme is to create conditions under which private American traders will have maximum opportunity to expand their trade abroad with a minimum of governmental interference.

" The whole aim and purpose of the International Trade Organisation and of the suggested Charter is to reduce and minimise, not to increase, governmental interference with foreign trade carried on by private traders. . . That is what we are going to Geneva for—to bargain for a chance for American private enterprise to continue and to benefit the American economy through expanded foreign trade."

Why should a British Labour Government be compelled to support these principles of an open offensive against state controls and state trading? Is it not time to review the whole situation, to declare that Britain, in view of its desperate economic situation, can no longer regard itself as bound by the restrictive clauses of the Loan Agreement, and to develop a planned trading programme in which we diminish dependence on the dollar and develop close relations with countries building up a planned economy?

It Can Be Done

" Impossible," say the critics. " We are inevitably dependent on the United States. We must dance to their tune." The only alternative, they argue, means limitless austerity, the development of a closed economic bloc with impoverished non-dollar countries who cannot supply our needs, and the consequent division of the world into opposing economic blocs, with resulting impoverishment and political antagonism. These are not the alternatives. Our objective is international economic and political co-operation. The rest of the world needs the assistance and resources of the United States for speediest recovery, just as the United States needs no less the rest of the world if it is to grapple with the menace of its impending crisis. But such a co-operation must be a co-operation of equals for mutual benefit, not a relationship of domination and economic and political servitude. The present bullying " big stick " methods of the Dollar Empire have to be broken, in order that such co-operation shall be possible. The only way to break a bully is not to give in to threats. This is the meaning of the firm attitude of the Soviet Union in the face of American provocative bluster. Smaller countries of Europe, like Jugoslavia and Sweden and Czechoslovakia, have shown that they can stand up to threats and face the alternative, however difficult. The Swedish-Soviet Trade Agreement or the British-Polish Trade Agreement are examples which show what can be done. The free democratic countries which are building planned economies must stand together. A new relationship must be built up between Britain and the Dominions, and with the present empire countries on the basis of freedom.

Britain Can Lead

This is not an anti-American policy. It is a policy to bring the American billionaires to reason. It is a policy to assist the progressive forces in America (who are still the majority, although their voice is drowned in the present clamour) to compel a change of course and a return to the methods of international co-operation for which Roosevelt

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strove. Britain in firm association with France and the Soviet Union can rally the democratic forces of the world, including in America, to end the present deadlock, return to the principles of democratic international co-operation agreed at Teheran, Crimea and Potsdam, restore the responsible joint leadership of Britain, the United States and the Soviet Union, and thus make a lasting peace, opening the way to rapid reconstruction and better conditions.

Return to Three-Power Co-operation

It is not inevitable that the present reckless disruptive and bellicose offensive of the power-drunk American imperialism, backed by servile British reaction, should be carried through to its final conclusion. The United States also has grave problems to face. The grandiose display of strength is on the surface; the weakness is below. Every American economist has now given warning of the signs of impending economic crisis, as prices and profits continue to soar and purchasing power shrinks. Every newspaper poll has consistently revealed the majority of the American people opposed to the Truman Doctrine, little as a perusal of the millionaire-controlled American press would give any such picture of the true face of the American people.

"While the Truman proposal will be accepted by Congress, opposition to it is apparently increasing throughout the country.

"Public opinion polls indicate that a large majority is dissatisfied because the original Truman proposal by-passed the United Nations.

"Letters reaching Congressmen from their constituents are reported to be running heavily against the plan." (New York correspondent, "Manchester Guardian," May 8).

"Underneath a seemingly side unanimity there are palpable stirrings of uneasiness and revolt. . . Congress is getting an uneasy feeling that there seems no end in sight to a logical application of the Truman Doctrine." ("Observer," May 11).

The foreign adventures have not gone too well. In China the support poured in to Chiang and his corrupt and discredited clique is approaching fiasco, military and economic. In Greece the Quisling Government has made a rare mess of its operations, and the more funds are poured in, the more is embezzled. In the Middle East the Arab world is awake. In France and Italy the working class and national sentiment stand firm for freedom. The bankrupt situation of Western Germany since fusion gives pause to the original cocksure plans for partition. The rulers of America may yet find cause to think again, before they turn their backs on Three-Power co-operation.

Frightened Men of Wall Street

In the cheapjack spate of American anti-Soviet books turned out to order in the recent period, with the same conveyor-belt efficiency of mass production as the previous wartime pro-Soviet books, one little scribbler thought to earn his masters' favour by inventing the title "The "Frightened Men of the Kremlin." To a vulgar audience the picture of Stalin as a "Frightened Man" might appear slightly comic; but the sense of the comic has temporarily disappeared from refined circles in the West, who have worked themselves up into a state of mystical exaltation about the vanishing spiritual values of their supposedly perishing Western civilisation. But there is an unconscious self-revelation in the title and its attraction for the American ruling class public today. For the truth that is revealed in that title is the truth of

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"The Frightened Men of Wall Street and Washington." The multi-millionaire rulers of America today, at the height of their power, are panicky, bewildered and frustrated. They believe they have all the resources and power in the world at their command, and yet the world will not obey them and will not go the way they want. "Man shall shut his heart against you, and you will not find the spring." They have arsenals never before known at their command, and they are terrified of a little poverty-stricken worker reading a Marxist pamphlet in a back-room. With statistical records of unexampled efficiency they can record day by day the deepening of the economic crisis of their system, and yet they do not know what to do. They have set scientists and technicians from all over the world to construct for them the most devilish and fiendish machines of horror and mass destruction human wit can contrive, compared with which Hitler's worst was a child playing at fireworks, and yet they tremble as their finger itches to press the button and unloose them against their enemies, because they know that the outcome will shatter for ever their flimsy social structure. So they are caught in a paroxysm of contradictory appetites and impotent rage against all freedom-loving humanity. Therefore also they are finally not strong. The peoples of the world can and will prevail. The deep progressive currents of the American people will also finally prevail. It is not too late to turn the course. We can yet see that common sense shall conquer before catastrophe. We may yet see the return to Three Power co-operation. Do not be too confident, gentlemen of the grand anti-communist crusade. Things may turn out not quite as you intend. Hitler and Mussolini tried it all before you; and, as your memories are short, ask your secretaries to tell you what happened to them.

May 18, 1947. **R. P. D.**

PRODUCTION

by GAVIN MARTIN*

NO responsible citizen any longer doubts that Britain's economic position is very serious. Unless this country achieves a substantially higher level of output **of the right kind** there can be no possibility of raising the standard of living. The problem is to prevent a fall.

The underlying reasons for our present plight are well enough known. Britain is seriously weakened on two main fronts. Past neglect and capitalist mismanagement of our basic industries means that we cannot now produce enough coal, cotton, bricks, casting, etc., for our needs. The loss of over £1,000 millions overseas investments, the creation of more than £3,000 millions war debts to other countries, the war devastation of former sources of plentiful and cheap food and raw materials—these mean that we face formidable difficulties in paying for essential imports. In order to pay our way on overseas account it is officially estimated that we must raise exports to 175% of the 1938 volume by the time the dollar credits run out. We are barely half way to that target—and the loans may well be exhausted next year or early in 1949.

*Gavin Martin is Secretary of the Confederation of Shipbuilding and Engineering Unions.

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In facing up to the export problem we are gravely handicapped by the shortcomings of our basic industries. This was plain to all in February and March—the full effects of the shut-down have still to be felt in such industries as shipbuilding. Without enough coal, steel, electricity, rolling stock, output for both home and export must be depressed. If the foreign exchange problem is complicated, Britain's production problem is essentially simple. Moreover, the exchange problem can never be solved unless we grapple with our production problem.

There has been a great deal of talk about putting first things first; but very little action. Technically, this presents no serious difficulty. It was done—after a period of fumbling and hesitation—during the war. What can be done by a Coalition Government for war can be done by a Labour Government for reconstruction. The need is no less urgent; but once more we are going through a period of fumbling and hesitation. Once more we are wasting precious time groping and manoeuvring. For the obstacle is not technical, but political. What stands in the way is the inherent anarchy of capitalism and the failure of the Labour Government, so far, to grapple with this anarchy.

The Government's Economic Survey for 1947 puts the issue admirably:

"The danger in our present situation is that there is so much we want to do, and so much that seems important that too little effort will be concentrated on the things that are really vital."

This is more than a danger; it is a fact. We have been neglecting "those things which are fundamental to our national life"—coal, electricity, steel, transport, building materials, food, textiles—and allowing far too high a proportion of our resources to be devoted to secondary things.

How has this happened? When Government orders tailed off after VJ-Day, no attempt was made to maintain any kind of serious control over what was produced. Naturally capitalists, who are not in business for their health, turned to what they thought most profitable; not to what Britain's sick economy most needed. The result is that after 18 months there was a vast output of electric fires, but not enough power stations; a huge motor-car assembly industry, but a shortage of tractors and other agricultural machinery; every greyhound racing track was re-equipped with up-to-date totes, but the coal-mines had to wait more than a year for the delivery of an electric motor.

Take any of the deficiency industries and it is seen that the need in every case is for either more manpower or more horsepower (modern equipment), or both. It is now widely—though rather belatedly—acknowledged that the only way to attract labour to the under-manned industries is the policy advocated for years by the National Union of Mineworkers; and so far hardly applied at all outside the coalmining industry. The evil reputation of these industries can only be overcome by raising the pay, conditions of work and the status of the workers. If this policy had been whole-heartedly adopted when Labour came to power, there would be far more miners, moulders, brickmakers and textile operatives today.

Likewise, the depleted manpower in most of these neglected industries could now be producing more per head if the policy put forward by the engineering unions had been adopted at the outset. Following up proposals put before the Coalition Government early in 1945, the National

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Engineering Joint Trades Movement, in a memorandum to the Labour Government a few months later, correctly outlined the role of their industry in reconstruction and squarely warned against the danger of leaving decisions to private firms and combines. It called for a plan for engineering, geared into an overall economic plan, calculated to ensure that the wartime expanded engineering industry turned over to the priority tasks of peace in an orderly manner. The very products that are now recognised as priorities today—coalmining, electrical transport equipment, key export products—were specifically mentioned.

Unfortunately, the union's advice was ignored. Now, when a whole new set of vested interests in maintaining less essential production has been built up, the Government is veering round to the view we then expressed. Naturally, the task is now more difficult. But the need is all the greater and the methods must be more determined. The essential thing is to mobilise all the capacity required to fulfil an ambitious programme for producing the equipment urgently needed by the basic industries. This should have precedence even over exports; for we must first lay sound foundations. " Priority " for steel and coal is not enough. The priorities technique can never work where production demands a steady flow of parts and components often from dozens of different sources.

Moreover, the vague priorities technique is incapable of mobilising the drive and initiative in the workshops, which is essential if the level of production is to be raised substantially. For essential requirements there must be a concrete detailed plan or programme. To be effective the programme must be capable of being broken down to specific tasks for individual factories. Everyone concerned should know exactly what he is asked to do.

Naturally, only the Government can initiate such a plan and begin to create the conditions for successfully carrying it through. For the nationalised industries, and those scheduled for nationalisation, it is obviously desirable for all orders for equipment to be placed by the Government or its agents. The technique of programming and progress-chasing used by the production Ministries during the war has an equally obvious application. Nor need this technique be restricted to the needs of nationalised industries. The State can do much to promote bulk orders, the use of additional capacity, standardisation and long runs, for, e.g., textile, agricultural machinery and leading export lines.

State action of this kind is bound to be resisted by the vested interests in more profitable, but less essential, production. The very restricted civil activities of the Royal Ordnance Factories—which in one or two cases have shown up the inefficiency of private enterprise—have evoked quite an outcry from the reactionaries. The employing class as a whole can hardly be expected to be whole-heartedly behind the Labour Government in its efforts to solve the country's production problems—especially if this solution adversely affects their profits. Moreover, big business and the Tory party in league with Wall Street hope to stage a political comeback on the strength of Labour's economic difficulties. If that happened any "solution" of Britain's economic difficulties would be entirely at the expense of the working class.

Labour stands or falls by its handling of the economic crisis. If it fails, all that the Trade Union movement stands for is placed in jeopardy. Hence for both practical bread-and-butter reasons and for

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political reasons, the organised workers must seize and hold the initiative in securing the only policy that can solve the crisis.

In addition to the nationalisation programme, this involves deep inroads into capitalist managerial preserves and profits. If steel, coal or labour in short supply are used for one purpose, they must obviously be withheld from another. This is commonsense, not "totalitarianism." Ministerial protests about the conflict between effective planning and "democracy" appear to be excuses for dodging their planning duty. Even the so-called Planning Staff under Sir Edwin Plowden is apparently merely to attempt the impossible task of co-ordinating the actions of autonomous departments. No planning staff can replace Cabinet decisions.

The only way to evolve a workable plan and carry it through is for the Government to take the organised workers fully into partnership. Leading capitalists cannot make good socialist planners. Until the Cabinet is prepared to act neither the tripartite bodies, such as the Enginering Advisory Council, nor such joint production committees as still exist can begin to play any really practical role. The present main function of all of them is to impress upon the Government the need for a plan. Once the machinery is set in motion at top level, the pent-up democratic drive and initiative will be released.

In this connection, the organisation now being perfected by the Confederation of Shipbuilding and Engineering Unions has a leading role to play. A joint shop stewards works committee in each establishment is the logical body to deal with production matters. Each committee sends its chairman and secretary—accredited Confederation shop stewards—to meet the Confederation District Committees. This body is capable of dealing with production questions on a district basis. The District Committee, in turn, is directly linked with the national Group Councils and General Executive Council of the Confederation.

Here, I submit, is the framework to breathe democratic life into the job of carrying through a practical plan for engineering, the key industry in any plan. Meanwhile, much can be done to achieve an early and positive decision at the top by demonstrating possibilities at factory and District level. Where capacity is being wastefully used, this can be pointed out. If the plant is suitable for obvious priority tasks, representations can be made at regional, or even national, level. Ideas for stepping up output may well expose hidden bottlenecks and avoidable hold-ups. There is plenty of scope for initiative at every level. If we are to achieve those higher standards to which we have a right, now is the time to exercise this initiative. In the last resort, the very survival of our movement may well depend on it.

To evoke the maximum response and enthusiasm, the plan must do rather more than provide clearly-defined targets at which to aim. It must also demonstrate what the workers are going to get out of their efforts.

National aims must look ahead and show in clear quantitative terms that they embrace provision for an appreciable rise in the standard of living by, say, 1950 or 1952. In short, the plan must show that if the targets are attained, the workers will be substantially better off than they are today.

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BI-ZONAL GERMANY

by IVOR MONTAGU

AT the present moment, in the British zone of Germany:
—gigantic food demonstrations testify to the shortages faced by the working class populations especially in Hamburg and the Rhineland;
—production is in every case far lower than the maxima authorised by the quadripartite Control Council;
—implementation of plans for nationalisation is definitely postponed;
—there is no general co-ordinated economic plan for the Anglo-American "economically merged" bi-zonal area;
—food imported is drawing on Britain's slender store of dollars;
—and the overall net cost to Britain of running the zone is much more than before the merger.

Chaos—worse, stinking chaos. And getting worse still.

I remember very well how, when I was first in Germany, a favourite theme song of British officials was the lack of necessity, the inconvenience even, from the administrative point of view, of the radical denazification and economic and agragarian reforms undertaken in the Soviet Zone. "Well, in our zone former Nazi officials may be flourishing and democrats and anti-fascists may be humiliated and sat upon and driven to despair, but—La—I think we may claim that our zone is, yes, the most efficiently run of the four. And the Jerry likes that, you know, he prefers us to the others."

Vainglorious pigmies!

It is worth recalling also that it is just about a year ago that Mr. Herbert Morrison made a spectacular flight to Washington, and abandoned Britain's title to a substantial portion of its wheat reserves, with the object of inducing the U.S. administration to share responsibility for basic feeding of the Germans.

That was also the professed object of the Byrnes—Bevin plan of bi-zonal amalgamation—the plan that Bevin was responsible for shoving through the Cabinet against considerable hesitation—the plan that meant a decisive turning of the back on four-power collaboration in Germany.

After all, hand over to the Americans joint control of the Ruhr, almost the only ace Britain had left in Europe. Even the most would-be pro-Bevin Tory might ask: for what compensating advantage?

The question of Germany was raised at the Paris Conference. Molotov proposed to discuss it in November. Byrnes—Bevin agreed. But they could not wait till November. They had to get ahead with amalgamating at once. Or so they said. Why? So as to ensure that the British Zone Germans should be properly fed (a big laugh, that one). So as to save the British taxpayer money (it is costing him more than before). So as to develop the economy of both zones (the fragmentation of the zones into Laender, on the American pattern; the heading of the Laender with anti-planning administrations as sequel to elections in which the cards were deliberately stacked against the left; the attempt to march in step with German Laender-chiefs in the American Zone

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accorded responsibility and hence right of obstruction by the Americans have together prevented any sort of economic planning whatever).

And nothing would hold up Mr. Bevin's own solution for Ruhr heavy industry, viz., public ownership and international control (yes, see Hansard, that really is the solution he declared for in Parliament—compare with what he said, or didn't say in Moscow. That one's a big weep). Truly, when one compares prediction with performance on that bi-zonal amalgamation, one must say, never was British parliament and people taken for such a ride. And the remedy, now that Mr. Bevin's bi-zonal bubble has so signally burst? A bit more of the same. Administrative headquarters in the British zone transferred to Frankfurt. Mr. Hynd replaced by Lord Pakenham. A hair of the dog. . .

The mark-time in Moscow has to be seen in this perspective. There was no agreement because Marshall wanted no agreement. Any more than Byrnes wanted any agreement when he dragged a just as acquiescent Bevin into the bi-zonal amalgamation which "could not wait for November," for no necessity discoverable today (in the light of consequences) even with the most powerful and partial microscope. The ostensible grounds for disagreement? Frontiers. Reparations. Federalisation. The Four Power Treaty.

Revision of the Eastern frontier of Germany? Truman and Bevin know perfectly well this could not be achieved without fighting a war they have no (at present, anyway) intention of fighting.*

Reparations? They know equally well it is rubbish to try to excuse the reparations undertaken from Germany as to the Allies (yes, they are trying to swizzle not only U.S.S.R.), on the ground that the policy they are insisting on following in Western Germany is costing this country money. They might just as well have claimed the cost of the war as a good excuse for evading their promise to go on until victory.

Federalisation? To "prevent regrowth of a warlike Germany"? The federal system in U.S.A. did not prevent America from becoming most effectively warlike by 1945. The real reason is: building on the experience with the Southern States in the U.S. Constitution, to overweight the influence of the American-protected Catholic reactionaries in the South against the German industrial population. Hence the innocent-seeming suggestion of Marshall that the Potsdam agreement for German central administration under quadripartite control orders should be substituted by German central administrators responsible to a committee of representatives of the Laender. Even bi-zonal experience has shown sufficiently that with such a system of administration, all chance of planning dies for evermore.

The Four-Power Treaty? Well, really! At Potsdam U.S.A. solemnly undertook to demilitarize, denazify, detrustify, democratize and a lot of other de-s Germany, and keep it so indefinitely. Now Marshall proposes to substitute a Treaty restricting U.S. obligation solely to the first, and

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*It suits today the egregious Truman's book to pretend this frontier was not settled at Potsdam—Boloney! Read his broadcast of Aug. 9, 1945: "The territory the Poles are to administer will enable Poland better to support its population. It will provide a short and more easily defensible frontier between Poland and Germany. Settled by Poles, it will provide a more homogeneous nation." And now he says he meant something else!

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for a limited period. What does he expect? Those who suffered from German aggression to fall on his neck and kiss him?**

Of course on none of these four proposals did their proponents expect Soviet acquiescence. Agreement to such a policy could never be obtained from the Soviet Union willingly, but only imposed on it by dire force. And the people who withstood Hitler were hardly likely to crumple at a blast on the trumpet of the "New York Times," or even of the diplomatic correspondent of the "Daily Herald."

The deadlock deliberately determined by Truman and Marshall was part and exact parcel of the same plan as was furthered by the bi-zonal business. Namely, the division of mankind into two worlds, Germany into two Germanies and so forth—the division which, most whopping crocodile in history, the U.S. reactionaries are busy hastening at the same time as they are busy lamenting.

Whose plan is it? Dulles? Openly he demanded that Western Germany be preserved as the citadel of the West—free enterprise, culture, Christianity, Social Democracy or whatever it is the big American trusts and monopolies happen to be calling themselves for the moment. And Dulles was singled out as "grey eminence" for Marshall's Moscow trip.

The idea is older than Dulles! It was Hitler's. And Chamberlain's. And Petain's. As it is today that of Churchill, Beveridge and Gollancz, and it has had other names—Munich, the New Order in Europe. And Dulles' law firm has worked on it with the Munichites, with the Vichyites, and now with the Bevinites. (A curious reflection on the target-errors of the "Western" form of democracy, is it not, that the American people should vote four times for Roosevelt and then get Dulles' policy?)

Actually, this plan has been operated by the Western Zone MilGovs from even before the ink was dry on Potsdam. How often have Western MilGov folk explained to me that the clauses of Potsdam were a cunning Bolshy device, put over on simple Attlee and simple Truman, whereby under high-sounding phrases of punishing the war-criminal and preventing new aggression, Germany would be "proletarianised" and the barriers against Socialism be weakened?

American MilGov set out with, as major objective, the making of the Western Zone safe for capitalism. This meant: unfreezing bank accounts (thus leaving the rich and powerful, all of whom were rich and powerful with and for the Nazis, still in their seats of wealth and power, and guaranteeing the Black Market); restoring the Stock Exchange, even in quotations on nominally liquidated trusts; leaving the denazification Tribunals with Nazi accomplices, if only they were big enough, and the local administrations of government and industry with the same because only these had "experience"; retaining the core of the Nazi police, because only they were "professionals"; rushing elections before the anti-fascist groups were organised; imposing on the trade unions and making them a laughing stock; discrediting anti-Nazis and obstructing measures to compensate victims of Hitler, Jewish or non-Jewish; propitiation of the Kulaks by food procurement that is a farce; backing to the chauvinists, disguised by a Social Democratic Party!

**Commended to any student of the vagaries of self-righteousness, Marshall's broadcast speech in America on his return from Europe. "I propose a Treaty. The other fellow asks me to consider additions. I refuse. The other fellow is an obstructionist"!

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All this has been done by MilGov orders and MilGov Courts. The British have paralleled it. But it has meant corruption, inefficiency, chaos. The Americans are far away and rich. They can afford it. The British are near and poor. They can't. They will have to suffer the consequences of the abscess that has been festered in Western Germany long before its stench incommodes the philanthropists across the Atlantic.

Of course, wide British circles are beginning to find out what is going on. There is a Labour Government, after all, in Britain. The Labour Movement has some say. It is beginning to ask serious questions. It was to circumvent this, to prevent any change towards democratisation and Socialism in the British Zone of Germany, that the bizonal clamp was forced down on it by the Americans with Bevin's acquiescence.

Of course, the British Zone could be made self-sufficient. Not at once, but in long-term, and it could move that way now. By ruthless anti-fascist battle against saboteurs of production and distribution. (But this could only be achieved via reliance on the real democratic forces in Germany, via aid in forging the anti-fascist unity of the working class.) By import of fertilisers and development of peace industry, whatever American monopolists say, instead of demanding to raise Potsdam limits in heavy industry, through which American big business plans to restore the pre-war dependence of Germany's neighbours.

But all this would mean a return to the principles of Potsdam and partnership with Russia in seeking the same objectives. Which would make Mr. Marshall frown. So Big Ernie keeps his big mouth shut. A sense of virtue at Moscow and nothing accomplished is all very well, but something must be done before the next German harvest, and after. Something more than remembering Germany in Lord Pakenham's prayers.

BACK NUMBERS

LABOUR MONTHLY is always pleased to receive spare copies of early numbers of the Magazine. At the present time it particularly requires the following (for which 6d. a copy will be paid:—

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1935—May to December, inclusive.
1936—June to October, inclusive, December.
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BACK NUMBERS OF 1947.—For soldiers, sailors and airmen we should be glad to have back numbers of this year, especially of the MARCH issue. Will readers who have copies they can spare kindly send them to LABOUR MONTHLY, 134 Ballards Lane, N.3?

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THE ATTACK ON U.S. LABOUR

by JAMES KLUGMANN

ON April 14th, 1947, the House Un-American Committee made an "informal demand" that the Government of the United States of America should prosecute Mr. Henry Wallace for his attack on the Greek-Turkish deal. Digging deep into the ancient files of the Alien and Sedition Acts, passed in the days of Alexander Hamilton, the Committee discovered the LOGAN Act, adopted in 1799, which provides for 3 years' imprisonment and a fine of $5,000 for persons guilty of advising foreign governments without authority and of opposing U.S. policy. Three days later, on April 17th, the House of Representatives, by 308 votes to 107, passed the HARTLEY Bill. If this Bill were to become law it would mean a regress of some 50 to 100 years in the fight for the rights of American labour.

Before 1842, American trade unions were generally regarded by the States as "illegal conspiracies which restrained trade." The Federal Government had not yet adopted any federal law on the basis of which Unions could be attacked. It therefore left their suppression in the hands of the individual States. The Anti-Trust Act of 1890 was the first Federal law used to restrict labour. The Supreme Court held that this Act, supposedly aimed at the trusts, and designed to prevent restrictions on inter-state commerce by monopolies, could be applied to the Trade Unions and employed to prevent strikes and boycotts. In 1914, under the pressure of labour action, several provisions were included in the CLAYTON Act to exclude Trade Union activities from the Anti-Trust law. "No restraining order or injunction," stated the Act, "should be granted by any Court of the United States, or a judge or the judges thereof, in any case between an employer and employees ... involving or growing out of a dispute concerning terms or conditions of employment ... And no such restraining order or injunction shall prohibit any person or persons ... from terminating any relation of employment, or from ceasing to perform any work or labor, or from recommending, advising, or persuading others by peaceful means so to do ..."

The NORRIS-LA GUARDIA Anti-Injunction Act of 1932, passed under renewed labour pressure following the slump, again attempted to free the trade unions from prosecution under the Anti-Trust law. It forbade the Federal Courts to issue injunctions in labour disputes and it contained the first general legislative statement that it is desirable for labour to organise and bargain collectively, — ". . . it is necessary that he have full freedom of association, self-organisation, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment ..." The National Labour Relations Act (WAGNER Act), enacted in July, 1935, under the Presidency of Roosevelt, guaranteed American workers the right to organise, compelled employers to bargain with representatives chosen by a majority of the workers, prohibited employers from using "unfair labor practices" like spies and strike-breakers, gave legal sanction to picketing, closed shop agreements and to union-shop (i.e. when all persons employed must

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become and thereafter remain Union members within a specified time after being hired), and guaranteed the right to strike.

The new offensive of the American trusts against labour, which began with the end of the war, developed apace in 1946, deepened with the Republican victory in November last, and became still fiercer with the opening of the 80th session of Congress in January, 1947, aims at destroying all this progressive legislation. Clayton, Norris-La Guardia and Wagner Acts, precious fruits of long years of difficult struggle, are thrown into the refuse bin. The new Bills now before Congress probably represent the most reactionary labour legislation ever introduced in a Parliamentary democracy.

Fortunes were spent by American big business to prepare the anti-labour Bills for Congress. Corporation lawyers' fees have run into millions of dollars, and many a lawyer engaged on drafting Bills of this type is receiving a £10,000 a year salary with unlimited expenses. When the 80th Congress met in January there were over 200 anti-labour Bills prepared or in process of preparation. The Hartley Bill, which was adopted by the House of Representatives on April 17th, was boiled down from all these Bills by a group containing at least two lawyers on the pay-roll of the big corporations. Representative Vito Marcantonio, American Labour Party, Congressman from New York, charged that the Bill had been prepared by the N.A.M. (National Association of Manufacturers) and likened its provisions to Mussolini's fascist syndicate laws. "The similarity is fierce . . .", he declared, "the Bill leaves the workers completely at the mercy of monopoly. . . Under the guise of fighting communism, you are pressing fascism on American labor."

What are the salient features of this Bill? In the first place, the Hartley Bill forbids national or industry-wide agreements. Contracts and agreements between employees and employers are limited to single concerns or to a group of small concerns, each employing less than 100 workers and situated within a 50 mile area. National Unions are forbidden to direct their local units on questions of contract on penalty of being prosecuted as "monopolies" or for "interfering with inter-state commerce." If this measure becomes law, National Unions will be rendered ineffective and the sole authority to negotiate an agreement will remain with the local Union. By this measure, for instance, negotiation by the steel-workers to obtain a wage scale for the steel industry or a strike to obtain a wage rise throughout the industry, would be illegal. The measure favours the growth of Company Unionism.

The Bill prohibits the closed shop. Union shop, as defined above, is permitted only if (a) it is voted for by a majority of Union and non-Union workers and (b) voluntarily agreed by the employers. In any case it cannot be enforced by strike action. This measure puts union security in the hands of the employers, favours the growth of Company Unions, and facilitates the use of labour spies and stool-pigeons, an old American custom.

The Bill provides that Unions must expel from office all Communists and all those who "by reason of their consistent promotion or support of Communist policies," can "reasonably be regarded as members of the Party." Unions with one or more such officials will not be given legal recognition. A new Government agency will be established to supervise the necessary Union purge.

The Bill authorises anti-labour injunctions. The Department of

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Justice can secure an anti-strike injunction against Unions when the Attorney-General decides that a " threatened or actual strike " imperils public health, welfare or safety.

The Bill rigorously restricts strike action by establishing a compulsory 30 days cooling-off period and declaring that no strike is legal unless the majority of all affected employees vote to support the strike and to reject the management's " final offer."

The Bill severely limits picketing, and forbids sympathy strikes and all forms of sit-down strikes. Jurisdictional strikes (as for example strikes on non-fulfilment of collective agreements) are prohibited.

The Bill forbids Unions to contribute to election funds and lays down the conditions under which Unions may be sued for " such unlawful concerted action."

The Bill fixes a new code regulating the internal affairs of Unions, including such matters as contributions, benefits, work permits, election procedure, discipline policy, finance and expulsion.

Apart from the above provision, Unions are left perfectly free!

On the day the Bill was passed, 300 C.I.O. workers from Maryland and Pennsylvania lobbied Republican Representatives at the House, protesting that the Hartley Bill was a fascist measure. " What's wrong with fascism?" asked one prominent Republican. " You have a nerve, calling on me," said another, " I'm against you. I owe you nothing!"

Whilst the House of Representatives has pressed the Hartley Bill, a similar Bill, the TAFT Bill, has been passed by the Senate. When U.S. Congress met in January, 1947, Senator Taft, a Republican leader, had himself elected Chairman of the Senate Labour Committee. Legislation to " put the trade unions in their place " stood high in the Republican Election programme. By preparing the draft " Taft Bill," along the lines of the Hartley Bill, Senator Taft strengthened his claim as future Republican President. His original proposal, which he submitted to the Senate Labour Committee, contained provisions for prohibition of the closed shop, restriction of industry-wide bargaining, and Government powers to " use restrictions " in critical strikes. Senator Taft saw his Bill as " a sweeping labor reform Bill to restore justice in relations between employers and employees." To his distress the Labour Committee of the Senate made several modifications to his Bill, which emerged somewhat emaciated and less restrictive than the Hartley Bill. So Senator Taft, ably seconded by his colleague Senator Ball, is seeking to amend it from the floor and to re-insert all the original measures. Debate opened on April 24th. On May 2nd, a Taft-Ball amendment prohibiting mass picketing was adopted by 60 to 28 with 45 Republicans and 15 Democrats voting for and 3 Republicans and 25 Democrats against. On May 13th, the Taft Bill was adopted by 68 votes to 24. The Bill in its final form was not quite so restrictive as the Hartley Bill, but it limits the right to strike, outlaws the closed shop, and makes it illegal for Unions to employ communist officials.

Meanwhile, throughout 1947, repressive anti-labour legislation continued to be enacted in the State legislatures. Senator Taft's Republican rival, Mr. Dewey, Governor of New York State, introduced a drastic law against strikes by public employees. Any worker striking against the State Government is now automatically punishable by discharge, and if reinstated, barred for three years from receiving wage increases besides other disabilities. Altogether, 16 States passed anti-Union laws in the

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first four months of 1947. Ten States made closed and union shop illegal; one State prohibited "secondary boycotts" (as, for instance, when lorry drivers refuse delivery to an enterprise with a strike in progress); two States passed anti-strike legislation; three States prohibited picketing; in seven States further legislation of this type is pending. In several States, legislation against the closed shop was killed, when Unions took legal action and successfully proved that such measures were unconstitutional. To combat such "dangerous" use of the Courts, and to work out a "united strategy" against labour, Attorney-General Walter Johnson of Nebraska has invited the Attornies-General of 26 States to a Conference at Omaha.

It is not possible to know exactly what measures will have been adopted by the time this article appears. The two Houses will now go into a joint Committee and produce a Bill agreed by both Houses. The decisive factor is likely to be the degree of organised labour opposition to the new legislation in the ensuing weeks. So far there is every indication that labour opposition will be very strong.

American Trade Unions have long been weakened by lack of unity between A.F.L. and C.I.O., by the reactionary policy of the A.F.L. leadership. The intensive red-baiting campaign of recent months has also weakened Union resistance to the new attacks of the American trusts. Yet, organisationally, the Unions have grown constantly in the last 12 years. On May 1st, of this year, there were 14,800,000 organised Trade Unionists in America, of whom 7,100,000 were in the A.F.L. with 93 affiliated Unions, and 6,000,000 in the C.I.O. with 39 Unions affiliated. This represents an increase of 10 millions in the last ten years, of 4½ millions since 1941, and of 1 million since the end of the war. Thirty-four major industries are 80-100% organised.

Philip Murray, President of the C.I.O., at a Conference of 250 C.I.O. leaders held at Washington on April 13th, declared that ". . . this anti-labor legislation is the first real step towards the development of fascism in the United States," and called on the C.I.O. to take the lead in combating the Bill. The measures "represented by the Taft and Hartley Bills," states the Conference resolution:

"Would destroy the rights and protections given to labor under all the legislation of the past 50 years. These Bills deliberately say not only that employers are to be free to attack Unions in all the ways they attacked them 50 years ago, but they set up Government agencies with power to put the Government squarely in support of the employer and make the Government a means of regimenting, crippling and hogtying the entire labor movement. Labor is first to be attacked because it stands in the front ranks of the opposition to a diabolical program of monopoly business."

The A.F.L. has voted 1½ million dollars to campaign against the new legislation. Full page advertisements under the watchword "a free America cannot exist without free labor" have appeared in 110 U.S. national journals. Whilst the A.F.L. campaign has continued to be vitiated by anti-communist propaganda, the pressure of its members has forced it to develop considerable action against the Bills.

Nor has Trade Union action been limited to advertisements and resolutions. On April 21st, 100,000 workers, C.I.O. and A.F.L. alike, took part in a one-day strike directed against the two Bills. On April 22nd, the largest demonstration ever held in Madison Square, New York, was organised to protest against the Bills. Work stoppages have been organised by the shipyard workers of Baltimore, the packing-house

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workers of Chicago, the transport workers of New York. On April 24th, 600,000 workers downed tools at Detroit. More than 100,000 of them jammed into the Cadillac Square in the City's greatest demonstration in history, and 200,000 mached in a street demonstration carrying Union placards with slogans such as "Company profits up 200%. Why not wages?", "Union busting will bust America!", "Germany 1934, America 1947." The movement is stirring and developing.

In these strikes and demonstrations, workers have found a new unity. Under pressure of its members the A.F.L. leadership agreed to joint discussions with the C.I.O. on May 1st with a view to co-ordinating resistance to the Bills. Negotiations broke down under A.F.L. demands for the dissolution of the C.I.O. and its entry into the A.F.L., but further meetings may well take place. Pressure for unity is bound to increase. A joint statement issued on May 2nd by William Green and Philip Murray stated that "we shall continue our efforts to prevent the enactment of the highly objectionable anti-labor legislation now being considered in Congress."

Nothing shows more clearly than the anti-Labour legislation the real face of American reaction and the present American Government. The American trusts, with their high concentration and swollen profits, are panic-stricken by the fear of the coming crisis, fear of the bust to come. Under the smokescreen of the fight against the red peril and the communist menace, they are carrying on a drastic offensive against the living standards and the most elementary rights of the whole of American labour. This drive against their own people is the internal counterpart of the drive of American monopoly for world domination under the smokescreen of fight against the Soviet menace and the threat of world communism. The American trusts are aping Hitler both at home and abroad. A study of the new anti-labour legislation gives a true picture of the "way of life" envisaged by the American Government. It is this "way of life" that is to be exported to Europe and the world. An American world without Unions and without strikes is to be created. This should give the British Labour movement food for reflection.

WORLD IMPERIALISM TODAY

by EDVARD KARDELJ

[We are pleased to print excerpts from an article entitled "Notes on Some Questions of International Development" written by the Foreign Minister of the Federative People's Republic of Yugoslavia for the theoretical organ of the Yugoslav Communist Party.—Ed. L.M.]

MUCH time has already elapsed since the final resistance of the Hitlerite Fascist Axis was broken, but the world still does not fully enjoy the blessings of peace. Bitter fighting is still going on in many parts of the world, while all the international conferences, and all the international relations, reveal the profound antagonisms which are rending the world today; they show that the Second World War has not only failed to extricate capitalism from its general crisis, but has rendered this crisis even deeper. And, as has always been the case with capitalism, the capitalist world is seeking a way out from its

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predicament by increasing reactionary pressure and violence. This explains the aggressive campaign against the truly democratic forces, a campaign launched on the morrow of the conclusion of the hostilities by international imperialist reaction, and which is reflected in all international relations, and within each capitalist country.

All these phenomena are, however, but an introduction into the far more serious internal crisis which the capitalist world will have to face. It is unlikely that the capitalist world is moving towards some sort of relative stabilisation in the coming years. It is, on the contrary, far more likely that the economic crisis and the sharpening of all the contradictions will in the coming years result, not merely in a serious economic crisis but also in extremely violent political upheavals, for the capitalist world.

A certain amount of confusion, as regards future political developments in the world, is noticeable among the broad masses of the people and in certain democratic circles, in the capitalist countries. These masses are, therefore, vulnerable to empty democratic phrases, which are but a mask for imperialist reaction. The smoke of war events has not yet dissipated, and many people have not yet become accustomed to view yesterday's events through the prism of today's realities. Many of the slogans of the glorious liberation war against Fascism have not lost their power for a considerable section of the masses, who fail to see that these watchwords have, now that they are being proclaimed by imperialists and reactionaries, lost their soul and substance and remained mere phrases in the mouth of those who are interested in creating ambiguity and confusion. Many of these glorious slogans have, moreover, become a cloak for fascist and all kinds of other reactionary tendencies in the world. There can, on the other hand, be no doubt that the masses of the people are becoming increasingly aware of this, and that the imperialist reactionary forces are finding it more and more difficult to take cover behind such phrases, and they are, therefore, and all the more, resorting to a policy of openly imposing their will by violent means, both in international relations, and within the different capitalist countries, in so far as their strength permits.

Several fascist States, with Nazi Germany at their head, have been smashed in the war, i.e., the fascist dictatorship in these States has been overthrown and crushed. Can it be said, however, that the fascist peril has been eliminated and that the democratic principles, for which millions and millions of men from all continents fought and died, have truly prevailed in the world? Unfortunately, this is far from being the case. On the contrary, it would be a very great mistake to identify the destruction of a concrete Fascist set-up, such as Hitler's Fascist Axis and its satellites, with the destruction of Fascism as a general phenomenon of imperialism, and with the destruction of its sources. It seems, moreover, to me that it is already becoming inaccurate to speak of the "remnants of Fascism"—for the simple reason that what we have before us today are not merely the remnants of the former Fascist dictatorships in Germany, Italy, Japan, etc., but, above all, an entire system which, under certain conditions, ineluctably gives birth to Fascism. It is a fact that the main sources of Fascism in the world are still in existence, although they have been weakened; that these sources are now becoming more and more active, that they are gaining an increasing measure of influence in certain

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countries, and that they will constitute an increasingly grave peril for freedom loving mankind, if the latter does not oppose them with the utmost resolution, both inside each individual country, and in the field of international relations.

In his article "A Caricature of Marxism" and on "Imperialist Economism," Lenin wrote:

"The political superstructure of the new economy, of monopoly capitalism (imperialism is monopoly capitalism), is the turn from democracy to political reaction. Democracy corresponds to free competition. Political reaction corresponds to monopoly."

Later on, in the same article, Lenin quotes Rudolf Hilferding, the well-known social-democrat of the Second International, who wrote in his book on "Finance Capital":

"Finance Capital strives for domination, not for freedom."

Rudolf Hilferding "forgot" this fact in his practical politics during the First World War, just as many contemporary social democrats are forgetting it today. The entire development of the capitalist world after the First World War, and particularly in the course and the aftermath of the Second World War, convincingly bears out these observations of Lenin's at every step.

Freedom-loving forces must, obviously, take these facts into account. They must wage a determined struggle in all parts of the world against the anti-democratic activities of the imperialist reactionary forces, if they wish to avoid the danger of finding themselves, once again, one day, in a position similar to the one on the eve of the Second World War, i.e., to be faced with the onslaught of the general reactionary and Fascist offensive.

The law of the uneven development of the capitalist countries, with all the consequences this entails for the capitalist system, expressed itself powerfully both in the course of the war, and after the conclusion of hostilities. Germany and Japan have disappeared from the world political scene, as great powers. Italy has been thrown into a completely subordinate position, the role of France has decreased considerably, while certain circles in Britain feel that the only way to save the British Empire is to make it play second fiddle to the policy and strength of the United States. The old capitalist Europe is no longer the centre of the capitalist world. The eyes of capitalist and of other reactionary forces are now turning in another direction. They are turning towards the American Continent.

Capitalist Europe has been weakened, while the role of the United States of America has increased tremendously. The U.S.A. has become, both by its economic power and by its political influence, the centre of the capitalist world. We once used to say that the whole of the capitalist world was under the domination of a few imperialist States, where finance capital had been concentrated; today, it could already be said that there is an increasing tendency on the part of the finance capital of a single great capitalist power, i.e., of the United States of America, to control to various degrees, or bring pressure to bear upon, practically the whole of the capitalist world. The concentration of finance capital has now assumed gigantic proportions. American production has, in the course of the war, increased by over 50%, and it needs markets, sources of raw materials, and possibilities of investment throughout the world. The great monopoly alliances of the United

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States, and the international unions of monopoly organisations of different countries, with American finance capital playing a dominant part, are conquering economic positions throughout the world, and bring large and small capitalist countries into a state of financial and general economic dependence.

Capitalist monopolies on both sides of the front maintained a mutual contact throughout the war, regardless of the fact that a life and death struggle was being waged on the battlefields, and exerted an essential influence on the war policies of the capitalist countries. This influence was not, of course, exerted towards positive ends, towards the victory of the bloc of anti-Nazi States. The weakening and the retarding of the growth of the war potential of the Allied countries, and the delaying of the progress of the war for the purpose of enriching the financial oligarchy and the weakening of the democratic forces in the world—such was the policy pursued by the capitalist monopolies in the course of the war.

Today, these same monopoly alliances are bringing the defeated, and many of the large and small victorious nations, under their economic yoke; they are destroying the vestiges of independence the small "independent" countries may still have possessed, and are, in all the capitalist countries, linking themselves up with the most reactionary elements, bringing them to power, or attempting to do so, provoking civil wars and endeavouring to bring about a general offensive on the part of political reaction.

Even countries like Great Britain and France have, to a considerable extent, been brought into a state of financial dependence on the United States. Protesting against the conditions of the recent American loan to Britain, Lord Beaverbrook exclaimed that the Empire had been sold at a puny price, and that in future the United States would reap what the British had sown.

And the "Economist" wrote that it was sad that Britain, having lost a quarter of its total national wealth in the common struggle, had, by way of its reward, to commit itself to paying for the next half century, £35,000,000 a year to those who had enriched themselves in the war.

It was not, however, this £35,000,000 which so disturbed British public opinion, as the conditions Britain was compelled to accept in connection with the loan. These conditions are such, that they open the door to all parts of the British Empire to the expansion of American capital.

The situation of France is similar, while the fifth "big" allied country, i.e., Kuomintang China, has, in actual fact, again become a semi-colony of the United States, particularly after the recent treaty of "Friendship, Commerce and Navigation" with the United States, which completely delivers China to exploitation by American capital.

In short, American monopoly capital has conquered a dominant position in the capitalist world. The American monopoly alliances had, during the war, greatly strengthened, in the first place, their position inside the country, by liquidating a number of small and middle sized firms, while at the same time conquering one after the other economic positions throughout the world. Such a high degree of concentration is obviously bound to have far-reaching consequences for the entire further development of the capitalist world. The greatest economic

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expansion in history is taking place before our eyes. American finance capital is not merely well on the way to winning, all by itself, dominant positions in the economic life of the defeated countries; it has not only enslaved, from an economic point of view, practically the whole of South America, the Philippines, China, etc.; but it is also reaching for the "independent" capitalist countries, more especially for the British and French colonies, Dominions and spheres of influence. All the British Dominions and particularly Canada are more dependent today upon the United States of America than upon Great Britain. Having, moreover, built up a powerful industry in the course of the war, mostly with the participation of American capital, the Dominions are competing with the British metropolis on many of the world markets. The same as in the Dominions, the American capitalists are conquering economic positions in North Africa, in the Middle East, in India, Korea and in all parts of the world.

Such economic expansion, obviously, not merely weakens the economic and political position of the other capitalist countries, which depend upon the export of commodities and of capital, depriving them of markets, sources of raw materials and investment possibilities, but also, the same as any other colonial system, retards the economic development of the dependent countries. It does so for political reasons, because of the general imperialist tendency to prevent the industrialisation of the backward agragarian countries, so as to maintain them in a state of economic and political dependence; it does so by the very system of exploitation to which it subjects the economically dependent countries. The Soviet review "Mirovoye Khozaistvo" (World Economy) quotes, for instance, a Chilean author who describes the exploitation of Chile in the following terms:

"... 95% of the copper, produced by Chile, belongs to American companies. 60% of the nitrate is produced by American controlled companies. Out of each dollar which we receive for the nitrate, 85 cents remain in the U.S.A. for the payment of debts, of dividends, of the transportation expenses, of insurance fees, and for services of the agents..."

This gigantic octopus, United States finance capital, which has stretched its arms throughout the capitalist world, of course sucks huge super-profits. The process of concentration of finance capital thus develops spasmodically and at a great pace. The economic expansion of American finance capital is, naturally, accompanied by corresponding political actions, while various "political philosophies" are appearing more and more in the American press and are explaining the necessity of American world domination with the same ingenuity with which the German imperialists once did on behalf of the German "Herrenvolk." The American bankers and trusts are today making every effort to achieve that in which Hitler failed, viz., to achieve world domination, at least in the capitalist world for the time being.

It would, of course, be a mistake to say that Britain has completely ceased to play an independent part. On the contrary, British capitalist circles are doing their utmost to save and restore the former greatness of the British Empire, to stay the internal disintegration of the colonial empire, caused by the expansion of American capital, and to save the markets and sources of raw materials which American capital is wrenching from them, even in their own colonies. They are attempting to do so by means of various political measures, and this was, among

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other things, the aim of the endeavours to create a " western bloc." This will, undoubtedly, for all the reasons we have just given, result in the constant appearance of Anglo-American antagonisms throughout the world.

All this, however, cannot fundamentally stem the process which is developing. Although production in Great Britain has increased during the war, this country has suffered considerable impoverishment as compared to the United States of America. From a creditor, it has become a debtor, a debtor even of its own colonies, such as of India, for instance. Britain's foreign investments have decreased considerably. And the conditions which Britain was compelled to accept in order to obtain the loan from the United States have, to a large extent, disarmed it in the struggle against the pressure of American economic expansion. British production can, obviously, under such conditions, even less enter into competition with American production, which is on a far higher technical level.

France's position is, of course, still far more difficult in this respect, because her economic positions are being grabbed from her, not only by American capital, but also by British capital, which is thus endeavouring to compensate for the losses it is suffering in its own domain.

Neither Britain nor France can, therefore, prevent American finance capital, under present conditions and with the present economic means, from establishing its economic domination over the capitalist world. Whether they will succeed in doing so by political means, is a question to which the future will provide an answer. However that may be, these antagonisms will still further exacerbate the general crisis of capitalism.

Book Review

Political Economy

" The Theory of Capitalist Development," by Paul M. Sweezy. With a Foreword by M. Dobb. (Dennis Dobson, Ltd. pp. 398, 18s).

This comprehensive attempt at presenting the main ideas of Marx's analysis of capitalism and its application to the problems of our time, first published in New York in 1942, has now been made accessible to the English reader. This is a welcome event as there are not many competent publications on these problems in this country, while interest in them is widespread and growing. It is more and more realised that J. M. Keynes's attempt to get rid of the barren dogmas of "academic" economics, and to tackle the real problems of contemporary capitalist economy, has only put the questions which official economy ignored, but was not able to solve them. This has strongly stimulated interest in the economic theory of Marx, who nearly a century ago revealed the basic contradictions of our economic system and the necessity of a radical solution, which became obvious in our time.

Dr. P. Sweezy, a Harvard economist, combines a critical understanding of modern academic economics with a thorough knowledge of the economic writings of Marx and the extended discussions on the basic problems of Marxist theory which were mainly carried on in the German literature on these problems. Explaining Marx's method of analysing economic problems as problems of social relations in the process of historical change, he gives a lucid introduction into the theory of value and surplus value. A thorough discussion of the problems of accumulation and crises is followed by

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chapters on modern imperialism and fascism and an attempt to forecast developments following the second world war.

I think it will serve the purpose of this stimulating book if, instead of dwelling on its merits where it correctly explains and applies Marxist theory, I comment on those interpretations of Marxist ideas and those attempts at solving problems left to us by Marx which I cannot find convincing.

One of the most important results of Marx's analysis is what he calls "the general law of capitalist accumulation," which says: "The accumulation of wealth at one pole of society involves a simultaneous accumulation of poverty, labour torment, slavery, ignorance, brutalisation and moral degradation at the opposite pole." Marx bases this law mainly on the growing weight of the "industrial reserve army," of mass unemployment. Taking capitalist development as a whole, it seems to me that never has a scientific forecast been borne out more strikingly than this particular one.

Sweezy, however, warns against interpreting this law as a "concrete prediction," stresses the high level of abstraction of the first volume of Capital where this law is evolved, and quotes Marx's saying that this law "is modified in its working by many circumstances" (p. 19). But counteracting circumstances do not transform a law into a mere tendency which may be overcome by other tendencies. Dialectics is replaced by eclecticism if the development of one of the basic contradictions of capitalism is interpreted as a mechanical opposition of forces of which one or the other way may win through.

If those tendencies which may improve wages and working conditions of considerable sections of the working class for some time in some countries could prevail for the capitalist system as a whole, reformism would be justified. The necessity of the transition to Socialism cannot be proved otherwise than by the growing incompatibility of the continued existence of the capitalist system with the vital interests of a growing majority of society.

Sweezy evidently underestimates the crucial importance of the permanent trend towards mass unemployment, clearest expression of the inability of capitalism to make use of the rapidly growing productive forces.

Discussing the falling tendency of the rate of profit he does not accept Marx's derivation of this tendency from the rising organic composition of capital, but tries to prove that accumulation with its increasing demand for labour tends to raise wages, to reduce the rate of surplus value, and this expresses itself in a fall in the rate of profit (p. 105). Only then when capitalists strive through the introduction of labour-saving machinery to raise the rate of profit, would the rising organic composition come into the picture.

In fact, competition, forcing capitalists to technical improvements, leads to an increase in the organic composition of capital and relatively diminishes the demand for labour, giving to the capitalists a better chance of increasing the rate of exploitation. This and the depreciation of constant capital are the main counteracting forces against the fall of the rate of profit.

These various forces acting in opposite directions on the rate of profit come into play in different phases of the trade cycle. "Periodically the conflict of antagonistic agencies seeks vent in crises." (Capital, Vol. III, p. 292).

Sweezy tries to explain this link between the tendency of the falling rate of profit and the theory of crisis, but I do not think that he succeeds. He distinguishes between two sorts of crisis, those associated with the falling tendency of the rate of profit, and what he calls "realisation crises." This suggests that when a crisis is caused by a fall in the rate of profit, the problem of markets does not come

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in; while when the crisis is caused by the difficulties of realisation, i.e., of selling commodities at profitable prices, the decline in the rate of profit, even if it is "the starting point of the crisis," is not its underlying cause (p. 146).

This dual explanation of crises can hardly be found in the writings of Marx, nor is it borne out by the history of crises. Following up his idea that the fall of the rate of profit is caused by a fall of the rate of surplus value, Sweezy explains "crises associated with the falling tendency of the rate of profit" as crises caused by a shortage of labour forcing wages up.

It would be rash flatly to deny the possibility of a crisis arising from shortage of manpower. Our present position makes us sufficiently aware of that. But Marx makes a very clear difference between the various possibilities of crises and those essential contradictions of capitalism which make the periodic return of crises necessary.

Far from arguing that accumulation must find a limit after a certain expansion of production in the limitation of labour available, the main idea of the brilliant chapter in Volume I of Capital on the "General Law of Capitalist Accumulation" is this, that the demand for labour does not grow as rapidly as capital grows on account of the rising organic composition. Marx discusses the possibility of a shortage of labour only in the section of this chapter where it is assumed that the composition of capital remains the same. This happened in early capitalism before the industrial revolution; Marx refers in this context to England in the 15th and during the first half of the 18th century. But he leaves no doubt that in fully developed capitalism "an increase in the working population proceeding more rapidly than the increase in the variable capital or in the means of employment" is the general law.

Under the heading of "realisation crises" (Chap. 10), Sweezy again distinguishes two types of crisis, those arising from disproportionality and those arising from under-consumption. Very correctly he explains that the theories of Tugan-Baranowski and of Hilferding, which tried to explain crises by disproportionality only, are basically reformist theories. For if only disproportionalities between different sections of industry were causing crises, a certain amount of state control and planning might "iron out" booms and slumps.

Numerous utterances of Marx and Engels and the whole spirit of Marxism make it clear that the contradiction between the tremendous expansion of production forces on the one hand and the limitations of consuming power based on antagonistic conditions of distribution on the other hand is "the last cause of all real crises."

Sweezy derives a tendency to underconsumption from two assumptions: first that output of consumption goods increases at the same rate as the increase in the means of production; second that the rate of growth of consumption lags behind the rate of growth of means of production. Both assumptions are reasonable, but lacking in precision. If output is measured in use-values, with growing productivity of labour output of consumption goods grows more rapidly than means of production. But for a comparison with consumptive or purchasing power the prices at which these goods are supplied are essential. As capitalists do not voluntarily accept a reduction of the rate of profit, not only the volume of consumption goods but also the aggregate price at which they are supplied tends to outpace the increase of demand. When prices are being forced down by overproduction, the fall in the rate of profit sets in. Its underlying cause is the rise in the organic composition of capital which goes on in recovery and boom, but the tendency of the fall in the rate of

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profit asserts itself only when the boom ends in overproduction. The counteracting tendencies — depreciation of constant capital, increase in the rate of surplus value —are acting mainly in crisis and depression creating the conditions for a new recovery.

Between investment of capital, resulting in an increased productive capacity, and the actual increase in the output of consumption goods, there is a certain time lag. Reproduction of fixed capital on an enlarged scale can therefore go on for years before the contradiction between production and consumption emerges. Sweezy mentions "new industries" among the forces counteracting the tendency to under-consumption (p. 218). But he does not explain the part which the reproduction of fixed capital plays regularly in the upward phase of the cycle.

The chapter which sums up the breakdown controversy, and correctly criticises breakdown theories, is one of the most interesting parts of the book. The discussion of "chronic depression" is less satisfactory, vitiated mainly by a problematical population theory.

The space available here does not allow us to go into a detailed criticism of the chapters dealing with imperialism and fascism. While generally following the lines of Lenin's analysis and correctly criticising Hilferding's thesis of bank capital dominating industrial capital, Sweezy gives a very unsatisfactory account of the effects of capital export. Far from "evening out the rate of development of capitalism in the various places of the world" (p. 292) and easing the contradictions inside the imperialist countries, it intensifies both the contradictions inside these countries and those between imperialist and dependent countries. His analysis of fascism is based on O. Bauer's theory of "balance of class forces"; he misconceives the fascist movement as a middle-class movement which only after the conquest of power would be transformed into an instrument of monopoly capitalism. It is also misleading to accept O. Bauer's terminology in calling the post-1918 state order in central and eastern Europe, resulting from defeats of the working class, "people's republic" (p. 330).

While his post-war perspective—envisaged 1942—of the victory of Socialism throughout Europe was certainly over-optimistic, one can accept his conclusions that neither a re-emergence of fascism nor a new armed clash of Socialism and Capitalism on a world scale is inevitable—provided the Socialist and democratic forces are strong and united enough to prevent such a catastrophe. A quotation from "Foundations of Leninism" which Sweezy gives in this context (p. 362) shows that Stalin envisaged such possibilities as early as 1924.

Sweezy puts this idea of peaceful transition to Socialism in contrast to liberal ideas of capitalist reform based on Keynesian theories. I fail, however, to understand why he thinks that "their logical consistency cannot be challenged" (p. 348), while he correctly explains that these theories ignore or misunderstand the real relationship between economy and political action.

Concluding, I repeat that this book, in spite of many shortcomings and mistakes, is well worth studying, especially if this study is critical and leads up to a more thorough study of the Marxist classics. I may add a warning that the reader should not be unduly worried if he finds it difficult to understand the algebraic exercises in Chap. 7. Here Sweezy was led into a blind alley by the Austrian economist Bortkiewicz who tried to calculate the transformation from values into production prices under the condition of maintaining the equilibrium con-

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ditions between the two main departments of industry. The transition from exchange of equal values to exchange based on production prices covers the whole period of transition from simple commodity production to modern capitalism. It is not a question of one turnover of capital. Here Sweezy forgot the social-historical approach which he rightly stresses in other contexts.

J. WINTERNITZ.

Correspondence

[The following correspondence was exchanged with THE BRITISH COUNCIL earlier in the year.—Ed. L.M.]

Dear Sir, February 27, 1947.

The editor of the Spanish journal "Revista de la Industria y el Comercio" has asked us if we will assist him in obtaining British journals by the method of exchange arrangements. He is very anxious to have material on British labour problems and the present currency difficulties make it impossible for him to place subscriptions to journals in this country. I am enclosing a copy of a 1944 issue of the "REICO" and should be very grateful if you would let me know, in due course, whether it would be of any value to you to receive this regularly in exchange for LABOUR MONTHLY.

Dear Sir, March 7, 1946.

I have received your letter of February 27.

Ordinarily we should be very pleased indeed to make an arrangement of the kind you suggest with journals from other countries, but in the case of a journal coming from Franco Spain we can make no truck with it. Not only did the decisions of the Berlin Conference single out the Falangist Government of Spain as unfit to associate with the United Nations, and not only did the Chancellor of the Exchequer a few months later in a parliamentary utterance stigmatise Franco as an "enemy of this country," but His Britannic Majesty's Government, following on a decision of the United Nations, has withdrawn the British Ambassador from Madrid, and so broken off diplomatic relations.

It seems to us, therefore, that this is a case where the attitude of the United Nations should not be impaired by our building up reciprocal relations with a journal of Franco Spain, or that behind the back of His Britannic Majesty's Government we should lend ourselves to anything that might appear to give any countenance to any agency or any aspect of the Franco regime.

Finally, I am unable to refrain from expressing some surprise that the British Council should be willing to act as go-between in a traffic of this kind.

[To this letter the British Council have not yet found it possible to send a reply.—Ed. L.M.]

Publications Received

The Future of Government, by Herman Finer (Methuen, 10s. 6d., 192 pp.).
National Enterprise, by Ernest Davies, M.P. (Gollancz, 6s., 173 pp.).
The History of Liberty in Germany, by Rudolf Olden. Foreword by Gilbert Murray (Gollancz, 7s. 6d., 176 pp.).
Children of Vienna, by Robert Neuman (Gollancz, 7s. 6d., 160 pp.).
Now for Health, by D. Stark Murray and L. C. J. McNae (St. Botolph Publishing Co., 4s. 6d., 78 pp.).
The Concentration of Economic Power, by David Lynch (Columbia U.P. (London Geoffrey Cumberlege), 31s., 424 pp.).
The Hands of Wan Li, by B. L. Jacot (Frederick Muller, 6s., 159 pp.).
The Emergence of the Jewish Problem, by James Parkes (O.U.P., 15s., 259 pp.).
Forward from Victory: Six Essays (Gollancz, 3s. 6d., 88 pp.).
Democracy in America, by Alexis de Tocqueville (Geoffrey Cumberlege (O.U.P.), 6s., 623 pp.).

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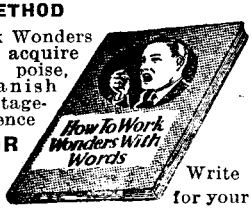

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CORRECTION. In the May issue the quotation on page 142 should read as a series of extracts and not as a continuous paragraph.

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